

AMENDED IN SENATE MARCH 4, 2010
AMENDED IN ASSEMBLY JANUARY 13, 2010
AMENDED IN ASSEMBLY JANUARY 4, 2010
CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 658

Introduced by Assembly Member Members Hayashi and Lieu
(Coauthor: Assembly Member Solorio)

February 25, 2009

An act to add and repeal Article 14.5 (commencing with Section 18856) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 658, as amended, Hayashi. Taxpayer contributions: California Police Activities League (CALPAL) Fund.

Provisions relating to the administration of personal income taxes allow individual taxpayers to contribute amounts in excess of their tax liability for the support of specified funds.

This bill would allow taxpayers to designate on their tax returns that a specified amount in excess of their tax liability be transferred to the California Police Activities League (CALPAL) Fund, which would be created by this bill. However, the bill would provide that a voluntary contribution designation for this fund may not be added on the tax return until another voluntary contribution designation is removed from that return.

This bill would require that all moneys contributed to the fund pursuant to these provisions, upon appropriation by the Legislature, be

allocated to the Franchise Tax Board and to the Controller for allocation to the CALPAL, as provided.

This bill would provide that these voluntary contribution provisions are repealed on January 1 of the 5th taxable year following the taxable year the fund first appears on the tax return. The bill would further provide that these provisions are repealed for taxable years beginning on or after January 1 of the calendar year in which the Franchise Tax Board estimates by September 1 that the contributions made on returns filed in that calendar year will be less than \$250,000, or an adjusted amount for subsequent taxable years.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Article 14.5 (commencing with Section 18856)
2 is added to Chapter 3 of Part 10.2 of Division 2 of the Revenue
3 and Taxation Code, to read:

4
5 Article 14.5. California Police Activities League (CALPAL)
6 Fund
7

8 18856. (a) An individual may designate on the tax return that
9 a contribution in excess of the tax liability, if any, be made to the
10 California Police Activities League (CALPAL) Fund established
11 by Section 18856.1. That designation is to be used as a voluntary
12 contribution on the tax return.

13 (b) The contributions shall be in full dollar amounts and may
14 be made individually by each signatory on a joint return.

15 (c) A designation shall be made for any taxable year on the
16 initial return for that taxable year and, once made, is irrevocable.
17 If payments and credits reported on the return, together with any
18 other credits associated with the taxpayer's account, do not exceed
19 the taxpayer's liability, the return shall be treated as though no
20 designation has been made. If no designee is specified, the
21 contribution shall be transferred to the General Fund after
22 reimbursement of the direct actual costs of the Franchise Tax Board
23 for the collection and administration of funds under this article.

24 (d) If an individual designates a contribution to more than one
25 account or fund listed on the tax return, and the amount available

1 is insufficient to satisfy the total amount designated, the
2 contribution shall be allocated among the designees on a pro rata
3 basis.

4 (e) Upon another voluntary contribution designation being
5 removed, the Franchise Tax Board shall revise the form of the
6 return to include a space labeled the “California Police Activities
7 League (CALPAL) Fund” to allow for the designation permitted.
8 The form shall also include in the instructions information that the
9 contribution may be in the amount of one dollar (\$1) or more and
10 that the contribution shall be used exclusively to maintain the
11 California Police Activities League (CALPAL) program.

12 (f) A deduction shall be allowed under Article 6 (commencing
13 with Section 17201) of Chapter 3 of Part 10 for any contribution
14 made pursuant to subdivision (a).

15 18856.1. There is hereby created in the State Treasury the
16 California Police Activities League (CALPAL) Fund to receive
17 contributions made pursuant to Section 18856. The Franchise Tax
18 Board shall notify the Controller of both the amount of money
19 paid by taxpayers in excess of their tax liability and the amount
20 of refund money that taxpayers have designated pursuant to Section
21 18856 to be transferred to the CALPAL Fund. The Controller shall
22 transfer from the Personal Income Tax Fund to the CALPAL Fund
23 an amount not in excess of the sum of the amounts designated by
24 individuals pursuant to Section 18856 for payment into that fund.

25 18856.2. All moneys transferred to the CALPAL Fund, upon
26 appropriation by the Legislature, shall be allocated as follows:

27 (a) To the Franchise Tax Board and the Controller for
28 reimbursement of all costs incurred by the Franchise Tax Board
29 and the Controller in connection with their duties under this article.

30 (b) To the Controller for allocation to the CALPAL to be used
31 exclusively to fund programs and services of the CALPAL.

32 (1) The moneys shall be allocated by the Controller each year
33 to the state CALPAL established and maintained within the state.

34 (2) The Franchise Tax Board shall produce an annual report of
35 the CALPAL funds received, by ~~ZIP-code~~ *Code*, and submit a
36 copy to the ~~Chairpersons~~ *chairpersons* of the Assembly and Senate
37 Committees on Revenue and Taxation, and the state CALPAL. In
38 addition, the Franchise Tax Board shall make this report available
39 on its Internet Web site.

(3) The state CALPAL shall use the report to allocate contributions received directly to county CALPAL chapters based on the ZIP-code Code of where the taxpayer contribution was made. A

(4) A contribution made by a taxpayer who is located within a ZIP-code Code that does not have a CALPAL chapter established within that ZIP-code Code shall be allocated ~~on a pro-rata basis to all the CALPAL chapters~~ to the state CALPAL to help establish CALPAL chapters in that ZIP Code, or to fund CALPAL activities and programs. A contribution made from a ZIP-code Code that fails to meet the minimum threshold for federal reporting requirements shall be allocated ~~on a pro-rata basis to all the CALPAL chapters~~ to the state CALPAL to help establish CALPAL chapters in that ZIP Code, or to fund CALPAL activities and programs. The state CALPAL may use up to 15 percent of the total funds in paragraph (4) to cover administrative costs necessary to implement this article..

~~(4)~~

(5) The state CALPAL shall not distribute any contributions received from the Controller for a calendar year until the annual report of the CALPAL funds received is made available. After the annual report of the CALPAL funds received is available, the state CALPAL shall distribute the appropriate contributions to the CALPAL chapters, and provide all CALPAL chapters with a report detailing contributions to each CALPAL chapter.

18856.3. (a) Except as otherwise provided in subdivision (b), this article shall remain in effect only until January 1 of the fifth taxable year following the first appearance of the CALPAL Fund on the tax return, and as of that date is repealed, unless a later enacted statute, that is enacted before the applicable date, deletes or extends that date.

(b) (1) By September 1 of the second calendar year, and by September 1 of each subsequent calendar year that the CALPAL Fund appears on a tax return, the Franchise Tax Board shall do all of the following:

(A) Determine the minimum contribution amount required to be received during the next calendar year for the fund to appear on the tax return for the taxable year that includes that next calendar year.

1 (B) Provide written notification to the state CALPAL of the
2 amount determined in subparagraph (A).

3 (C) Determine whether the amount of contributions estimated
4 to be received during the calendar year will equal or exceed the
5 minimum contribution amount determined by the Franchise Tax
6 Board for the calendar year pursuant to subparagraph (A). The
7 Franchise Tax Board shall estimate the amount of contributions
8 to be received by using the actual amounts received and an estimate
9 of the contributions that will be received by the end of that calendar
10 year.

11 (2) If the Franchise Tax Board determines that the amount of
12 contributions estimated to be received during a calendar year will
13 not at least equal the minimum contribution amount for the calendar
14 year, this article is repealed with respect to taxable years beginning
15 on or after January 1 of that calendar year.

16 (3) For purposes of this section, the minimum contribution
17 amount for a calendar year means two hundred fifty thousand
18 dollars (\$250,000) for the second calendar year after the first
19 appearance of the CALPAL Fund on the personal income tax return
20 or the adjusted minimum contribution amount as adjusted pursuant
21 to subdivision (c).

22 (c) For each calendar year, beginning with the third calendar
23 year that the CALPAL Fund appears on the tax return, the
24 Franchise Tax Board shall adjust, on or before September 1 of that
25 calendar year, the minimum estimated contribution amount
26 specified in subdivision (b) as follows:

27 (1) The minimum estimated contribution amount for the calendar
28 year shall be an amount equal to the product of the minimum
29 estimated contribution amount for the prior September 1 multiplied
30 by the inflation factor adjustment as specified in paragraph (2) of
31 subdivision (h) of Section 17041, rounded off to the nearest dollar.

32 (2) The inflation factor adjustment used for the calendar year
33 shall be based on the figures for the percentage change in the
34 California Consumer Price Index received on or before August 1
35 of the calendar year pursuant to paragraph (1) of subdivision (h)
36 of Section 17041.

37 (d) Notwithstanding the repeal of this article, any contribution
38 amounts designated pursuant to this article prior to its repeal shall

- 1 continue to be transferred and disbursed in accordance with this
- 2 article as in effect immediately prior to that repeal.

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